When does a Collecting Bank become a Debtor? — Two recent cases sharply illustrate the divergence of judicial opinion regarding the liabilities of a bank that has collected paper for another. In one instance the collection was made before the insolvency of the collecting bank, and after insolvency the latter was held a trustee for the amount collected. *Winstandley* v. *Second Bank of Louisville*, 41 N. E. Rep. 956 (Ind.). In the other case the collection was made after insolvency, but before assignment, and the collecting bank was held a debtor. *Sayles* v. *Cox*, 32 S. W. Rep. 626 (Tenn.).

The Indiana court assumes that the collecting bank was a trustee, and devotes itself chiefly to the discussion of whether the trust fund can be traced into the bank assets. This assumption seems erroneous. The ordinary understanding and usage between banks and their customers, when notes are indorsed to a bank for collection, is not that the bank is to keep separate the proceeds and remit them *in specie*, but that they are to be turned into the general funds of the bank, which then becomes liable for the amount either by a check to the customer, or a draft in his favor upon some third person. Such being the usual understanding, it is just to hold, in the language of the Massachusetts Supreme Court, that "one who collects commercial paper through the agency of banks must be held to impliedly contract that the business may be done according to their well known usages, so far as to permit the money collected to be mingled with the funds of the collecting bank." *Freeman's Bank* v. *National Tube Co.*, 151 Mass. 413. As pointed out in *Tinkham* v. *Heyworth*, 31 Ill. 519, banks charge no fee for holding money collected, except the right to use it until it is demanded, and if they are not to be allowed to exercise this, they must be entitled to compensation as safety deposit companies for moneys collected, — an idea not apt to enlist commercial favor. Certainly all arguments based upon commercial convenience and usage support the view that after collection the collecting bank should be considered a debtor, and if it becomes insolvent before the customer has been paid the latter must come in with the other general creditors. Nothing in this, of course, prevents a collecting bank from making itself a trustee by special understanding with its customer, as in *Bank* v. *Weems*, 69 Tex. 489.

The Tennessee case errs in the opposite direction. When the officers of a bank know it to be insolvent at the time they accept the paper for collection, it is a fraud upon its customer for the bank to take the proceeds in exchange for its own liability, and after collection they should be treated as trust property for the customer's benefit. *Somerville* v. *Beal*, 49 Fed. Rep. 790; *Jockusch* v. *Towsey*, 51 Tex. 129.

RECENT CASES.

Accident Insurance — Construction of Policy. — *Held*, under a policy insuring "against the loss of the money value of his time," a recovery may be had for time actually lost, though the employer of the insured continued his pay during his disability. *Globe Acc. Ins. Co.* v. *Helwig*, 41 N. E. Rep. 976 (Ind.).

Whether or not an ordinary accident policy is a contract of indemnity, there can be no doubt that the court was right in assuming this particular one to be of that nature. As to the question of loss to the plaintiff when his employer had continued his wages,